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DEPARTMENT OF STATE

Memorandum of Conversation

Approved in S:
5/18/67

DATE: May 15, 1967
3:00 p.m.

Secretary's Office

SUBJECT: United States-Italian Civil Air Negotiations

PARTICIPANTS: Italy

His Excellency Sergio Fenoaltea, Ambassador of Italy
Mr. Ugo Morabito, Commercial Minister, Italian Embassy
Mr. Rinaldo Petrignani, Counselor, Italian Embassy

DEPARTMENT OF STATE A/CDC/MB
United States
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Mr. Edward A. [Signature] Minister, Director,
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The Secretary said that he had asked the Ambassador to come in to discuss with him the civil air negotiations. He emphasized that this was not a negotiating session, but that he wished to make a few policy comments.

The Secretary said we were concerned at the way in which the negotiations had gone and particularly by the number of unrealistic proposals on routes which had been made by the Italians. In response to Prime Minister Moro's request to the Vice President, we had reviewed our position in detail all the way to the top, and the United States Delegation in Rome would be making route proposals which we thought generous. These proposals have been very carefully studied and were based on the assumption that Italy would accept our positions on capacity, multiple designation, and air cargo. The Secretary said that what was involved was basically a commercial problem. The motives on both sides were the same, i.e., each side wished to do as well as it could. He believed that political considerations must work in both directions if a solution were to be found. The Secretary pointed out that the United States was a big and lucrative market. While we provided two-thirds of the passengers across the Atlantic, our airlines only carried one third of this total.

The Secretary said we were going to make a proposal of major importance and we hoped that the Italian Government would accept it. We were rapidly coming to May 31 and we did not see what direction we could go to find a reasonable alternative to the proposal we would make. The Secretary stressed that our proposal was the result of careful review, bearing in mind the Prime Minister's talk with the Vice President. We hoped that our proposal would produce an agreement.

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The Italian Ambassador agreed that this conversation was not a negotiating session. The Italian Government had its own delegation in Rome and it would not be proper for him to interfere. He said he would convey faithfully to Rome the Secretary's views. The Ambassador then went on to say that he could state that the Italian Government had felt the United States position on civil air matters was stubborn, uncompromising, and very hard. We had never wished to make an improvement in the 1948 Civil Air Agreement, and he recalled that this Agreement had been signed at a time when Italy had no civil aviation. The United States attitude was considered unjustified. He recalled what he had said some time ago to former Under Secretary Mann. He had pointed out to Mr. Mann that in Latin America it was the impression that United States policy was dictated by large American enterprises, and he had expressed the hope that this impression would not gain currency in Europe. The Ambassador told the Secretary that in his view Italy was right and the United States was wrong with regard to the civil air question. He pointed out that if no agreement were reached, there would be a flare-up in public opinion in Italy. He repeated that Italy was unhappy with the United States attitude.

The Secretary replied that the problem was that people from outside wished to come in to take a greater share of our market than they furnished themselves. Although we provided two-thirds of the passengers, we only carried one half of that number. This was a situation we could not accept.

The Ambassador merely commented that this whole problem of civil aviation had caused considerable irritation in Italy.

As the Ambassador left, he agreed with the Secretary that should the press inquire regarding the Ambassador's call, it would be said that the Ambassador had been called in by the Secretary to discuss civil aviation.

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